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NRO REVIEW COMPLETED

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MEMORANDUM FOR COLONEL JACK LEDFORD
DIRECTOR, PROGRAM B, NRO

SUBJECT: F.Y. 1966 thru 1971 Program Cost Estimates

The Secretary of Defense schedule for calendar year 1965 requires that estimates for FY 1966 thru 1971 be developed and submitted earlier than last year's schedule.

Accordingly, it is necessary that the FY 1966 program recommendations from your directorate be submitted by not later than 1 May 1965, and the FY 1967 thru 1971 estimates by not later than 15 May 1965. Detailed guidance, instructions and considerations for the formulation of these cost estimates are reflected in the attachments.

Signed

BROCKWAY McMILLAN
Director
National Reconnaissance Office

1 Attachment

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F.Y. 1966 Program Estimates

1. Summaries of amounts and projects included in the FY 1966 President's budget estimate were furnished to your directorate under date of 19 Jan 1966, in [redacted] These were intended to be a guide to your office, but not in any way to be a program approval for F.Y. 1966 actions. Requirements and costs must be redefined and re-examined preparatory to the issuance of F.Y. 1966 program approvals by end-June. Accordingly, it can not be considered that if the President's budget included certain costs for a project, that this amount is automatically available. Programs and costs, from in effect a zero base, must be submitted.

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2. This year, there will not be a specification of target amounts for a basic budget, plus an addendum budget. This does not mean that program approvals will significantly exceed anticipated budget availabilities, but is merely an easier administrative device. In this connection, you will not need to distinguish between accounts on an expenditure basis and an obligation basis, as was requested last year. All project cost recommendations for F.Y. 1966 will be on an obligation basis.

3. The cost estimates for Oxcart and Idealist are to be prefaced by specific program assumptions behind the estimates, such as planned numbers of flights, training and operational distinctions, program objectives, planned equipment changes, etc. This should be similar to the data furnished last year, but amplified and made more meaningful in relation to the cost estimates. For example, last year your program information furnished data on flying hours in some detail, but you subsequently indicated that flying hours were not a direct basis for the cost estimates.

4. Experience gained during F.Y. 1964 and 1965 must be considered in developing your F.Y. 1966 program recommendations. For instance, the program objectives in both years for flying hours and missions turned out to be overly-optimistic. This meant that initial estimates, particularly for support items, were overstated (such as Oxcart fuel). Also, in both years it developed that Airframe Service Contract costs were initially over-stated to a sizeable extent, while in FY 1965 the Engine Support costs were understated.

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5. Specific details required in the program cost submissions are as follows:

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Oxcart

a. Oxcart "Airframes":

(1) Anticipated funding by contract number.

(2) Details of the basis for estimates for base support, flight test, ECO's, spares, tech reps, and any other line entries involved. For Oxcart estimating purposes in relation to the YF-12A and Tagboard aircraft, Director D is being told to include the following amounts in his initial submissions, which you should also use for developing the Oxcart portion of the total

YF-12A Tagboard

Base Support
Flight Test
ECO's and Spares
Tech Reps
Total



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(3) SR-71 airframe service contract costs will be submitted by Director D, and are to be excluded from your estimating considerations.

b. Oxcart Engine Support:

(1) Anticipated funding by contract number.

(2) Details of the basis for estimates for Spares and GSE, overhaul, tech reps, and any other line entries involved. Include the planning basis for updating engines, number of planned overhauls at Pratt & Whitney,

For Oxcart estimating purposes in relation to the YF-12A and Tagboard aircraft, Director D is being told to include the following amounts in his initial submission, which you should also use for developing the Oxcart portion of the total:

YF-12A Tagboard

Spares, GSE
Overhaul labor
Tech Reps
Total



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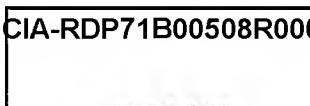
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(3) SR-71 engine support costs will be submitted by Director D, and are to be excluded from your estimating considerations. However, checks should be made with him

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as to total overhaul schedule loads and timing.

c. Oxcart Cameras:

How many cameras of what type, what manufacturer, reason for need, technical service costs and tech rep numbers, maintenance and overhaul costs, spares requirements, etc.

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e. Oxcart Guidance:

Distinguish between INS and Auto Pilot costs, and furnish details of cost estimates, such as tech reps, overhaul and repair, spares, etc.

f. Oxcart Construction:

furnish a detailed listing of planned construction projects and the costs of each, with reasons why they are required.

g. Oxcart Operations and Maintenance:

Detailed data used as a basis for the cost estimate are to be provided, such as numbers, types and costs of personnel (plumbers, carpenters, etc.); costs of supporting the contractor personnel; costs of operating shuttle aircraft; beginning, ending and average total personnel to be supported during FY 1966, numbers of personnel to support Tagboard in the total, etc.

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i. Oxcart "Other":

Separately identify the projects or tasks, and the costs and requirements basis for each, (i.e., Firewel, David Clark, air transportation, etc.)

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b. Cost estimates for studies and development must be supported by specifics on intended effort, objectives for F.Y. 1966 and ultimately, etc.

c. If you propose that initiation of long lead time component procurement be started in FY1966, a separate project line should be established, with specific proposals and costs identified.

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Cost estimates and substantiation for the SR-71 aircraft, YF-12A aircraft, J58 Engine R&D, Tagboard program, Dragon lady [redacted] will be the responsibility of Director D. "Corona" estimates will be the responsibility of Director A. Your directorate should be prepared to assist in the development of these estimates when requested.

In view of the fact that more substantiating detail is required than heretofore, and the imminence of a 1 May due date is relatively soon, the 1 May submission is to include as much of the detail as you can develop, with the remainder to be furnished by not later than 1 June 65.

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1. Cost estimates will be developed on the assumption that the F.Y. 1966 program recommendations will be approved. If this turns out not to be the case, adjustments in F.Y. 1967 as appropriate will be made by the NRO Comptroller. All costs are to be on an obligation basis.
2. Your directorate will be responsible for the submission of budget estimates and assistance to the other Directors for the same projects as listed in FY 1966 program recommendations.
3. The cost estimates for Oxcart and Idealist are to be prefaced by specific program assumptions behind the FY 1967 estimates, similar to that required for FY 1966.
4. Specific details required in the program cost submissions are as follows:

Oxcart**a. Oxcart "Airframes":**

Similar detail to that required for FY 1966, except that there are no initially-prescribed amounts for the YF-12A and Tagboard aircraft. You should work with Director D in identifying equitable allocations between O-K-T.

b. Oxcart Engine Support:

Similar detail to that required for FY 1966, except that there are no initially-prescribed amounts for the YF-12A and Tagboard aircraft. You should work with Director D in identifying equitable allocations between O-K-T.

Similar detail to that required for FY 1966.

Idealist

- a. Similar detail to that required for FY 1966.

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b. A tabulation of FY 1967 beginning aircraft inventories, expected attrition, required replacements, and ending inventories for your U-2's is to be furnished, with a similar tabulation for the SAC U-2's. In this connection, you may propose that additional improved U-2's be procured from FY 1967 funds for delivery in FY 1968 and possibly subsequent years. In this event, reflect total procurement costs, any FY 1967 development and operating costs, and any FY 1966 impacts for long lead time considerations. This must be a comprehensive reflection, and in this instance you should work with Director D to identify Agency and SAC improved U-2 proposed requirements.

Photographic Material and Processing:

a. Similar detail to that required for FY 1966.

EKC R&D:

a. Costs, and basis for costs.

Advanced Aircraft Studies:

a. This account is to be restricted to studies and exploratory development for advanced aircraft. If you propose that further development and procurement be accomplished for advanced aircraft, these proposals, substantiated by comprehensive detail, are to be included in a separate project line.

a. Similar considerations as for FY 1966 apply.

a. Similar considerations as for FY 1966 apply.

Comprehensive supporting detail for all project recommendations is required. The trend of increasing OSD, Bureau of Budget and Congressional reviews is expected to become even more pronounced in the F.Y. 1967 budget estimates. The 15 May submission date should allow for the inclusion of more supporting data, but in the event supporting details can not be completed by that date, complete details are to be furnished by not later than 10 June 65. This does not

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relieve the requirement to submit cost estimates and as much detail as possible by 15 May.

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FY 1968, 1969, 1970, 1971 Estimates

1. Cost estimates will be developed on the assumption that the FY 1966 and 1967 program recommendations will be approved. If this turns out not to be the case, adjustments in these years as appropriate will be made by the NRO Comptroller. All costs are to be on an obligation basis.
2. Your directorate will be responsible for submission of budget estimates and assistance to other Directors for the same projects as listed for FY 1966.
3. Inasmuch as these estimates are for a future period not readily susceptible to detailed compilation and justification, less detail will be required. This is to include cost estimates as logical progressions from FY 1966 and 1967 recommended programs, explanation of significant cost deviations in any year, and summaries of considerations involved in arriving at the cost figures. Cost estimates by fiscal year as best you can forecast, will be required for the following:
 - a. Oxcart airframe service contracts -- Flight test, ECO's and spares, base support, and tech reps, separately.
 - b. Oxcart engine support -- Spares overhaul, labor, and tech reps, separately.
 - c. All other Oxcart -- distinguish between costs for new equipment and remaining costs. Two sub-totals will suffice by year.
 - d. Idealist -- If improved U-2's included, distinguish procurement and operating costs for these aircraft from support of inventory aircraft. On latter, distinguish between costs for new equipment and remaining costs.

f. Photographic Material and Processing -- Distinguish between I-HF-47, FP-1500, PO-1800 and EG-400 costs by year.

g. EKC R&D -- Total costs by fiscal year.

h. Advanced Aircraft Studies -- Costs by fiscal year, with explanation only if costs [] in any year.

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1. [] -- Costs by fiscal year initially. If programs are subsequently considered for approval, additional substantiation will be requested later.

j. New Systems -- If new systems are proposed in these fiscal years, costs and explanations of objectives and basis for estimates will be required.

Inasmuch as the FY 1968 thru 1971 estimates require a limited amount of supporting data, it is expected that the total package will be submitted by 15 May.

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